

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: MAEZAWA KYUSO INDUSTRIES CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6485 URL <https://www.qso.co.jp/>
 Representative: President and Representative Director Yuichi Taniai
 Director, Chief of Administration
 Inquiries: Yoichiro Taniguchi TEL 03-3716-1512
 Headquarters
 Scheduled date of ordinary general meeting of shareholders: June 28, 2022
 Scheduled date to file Securities Report: June 29, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	28,789	4.8	2,139	(16.6)	2,287	(14.8)	1,498	(19.7)
Year ended March 31, 2021	27,479	—	2,565	—	2,683	—	1,866	—

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	67.25	—	4.0	5.1	7.4
Year ended March 31, 2021	83.11	—	5.2	6.3	9.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	45,619	37,630	82.5	1,695.48
As of March 31, 2021	44,040	36,412	82.7	1,628.24

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	1,061	(207)	(708)	13,546
Year ended March 31, 2021	3,233	(1,278)	(700)	13,348

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	20.00	—	25.00	45.00	503	27.1	1.4
Year ended March 31, 2022	—	10.00	—	20.00	30.00	667	44.5	1.8
Year ending March 31, 2023 (Forecast)	—	15.00	—	15.00	30.00		50.4	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	14,480	3.1	950	(16.6)	1,030	(14.7)	680	(13.4)	30.64
Full year	29,290	1.7	1,830	(14.5)	1,990	(13.0)	1,320	(11.9)	59.47

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	23,000,000 shares	As of March 31, 2021	23,000,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	805,117 shares	As of March 31, 2021	637,088 shares
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Average number of shares during the period

Year ended March 31, 2022	22,286,776 shares	Year ended March 31, 2021	22,455,219 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	13,985	14,301
Notes receivable - trade	1,610	1,454
Accounts receivable - trade	3,486	3,742
Electronically recorded monetary claims - operating	5,035	5,401
Securities	100	399
Merchandise and finished goods	4,146	4,707
Work in process	60	66
Raw materials and supplies	998	1,211
Other	406	520
Total current assets	29,830	31,806
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,020	8,074
Accumulated depreciation	(5,951)	(6,087)
Buildings and structures, net	2,068	1,987
Machinery, equipment and vehicles	7,761	7,820
Accumulated depreciation	(7,073)	(7,139)
Machinery, equipment and vehicles, net	687	681
Land	4,622	4,622
Construction in progress	2	21
Other	3,486	3,667
Accumulated depreciation	(3,265)	(3,461)
Other, net	221	206
Total property, plant and equipment	7,602	7,518
Intangible assets		
Software	385	435
Goodwill	355	316
Other	21	23
Total intangible assets	763	775
Investments and other assets		
Investment securities	4,104	3,807
Long-term loans receivable	5	5
Insurance funds	1,428	1,468
Deferred tax assets	176	127
Other	133	115
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	5,844	5,519
Total non-current assets	14,210	13,813
Total assets	44,040	45,619

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	4,260	5,017
Electronically recorded obligations - operating	523	639
Income taxes payable	460	300
Provision for bonuses	245	252
Provision for bonuses for directors (and other officers)	41	16
Buy-sell transaction liability	36	57
Other	1,177	837
Total current liabilities	6,745	7,121
Non-current liabilities		
Deferred tax liabilities	188	293
Retirement benefit liability	609	487
Asset retirement obligations	4	4
Other	80	82
Total non-current liabilities	883	867
Total liabilities	7,628	7,989
Net assets		
Shareholders' equity		
Share capital	3,358	3,358
Capital surplus	3,711	3,711
Retained earnings	28,654	29,649
Treasury shares	(587)	(766)
Total shareholders' equity	35,136	35,953
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,202	1,396
Foreign currency translation adjustment	93	296
Remeasurements of defined benefit plans	(20)	(15)
Total accumulated other comprehensive income	1,275	1,677
Total net assets	36,412	37,630
Total liabilities and net assets	44,040	45,619

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	27,479	28,789
Cost of sales	18,725	20,566
Gross profit	8,754	8,223
Selling, general and administrative expenses	6,188	6,083
Operating profit	2,565	2,139
Non-operating income		
Interest income	21	21
Dividend income	71	100
Foreign exchange gains	22	5
Subsidy income	17	5
Dispatching income	12	11
Other	3	7
Total non-operating income	146	151
Non-operating expenses		
Loss on cancellation of insurance policies	26	2
Other	1	1
Total non-operating expenses	28	4
Ordinary profit	2,683	2,287
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	0	–
Gain on sale of membership	–	1
Insurance claim income	64	–
Total extraordinary income	64	1
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	7	20
Loss on sale of investment securities	0	0
Total extraordinary losses	7	21
Profit before income taxes	2,740	2,267
Income taxes - current	808	701
Income taxes - deferred	65	66
Total income taxes	874	768
Profit	1,866	1,498
Profit attributable to owners of parent	1,866	1,498

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,866	1,498
Other comprehensive income		
Valuation difference on available-for-sale securities	442	194
Foreign currency translation adjustment	19	202
Remeasurements of defined benefit plans, net of tax	44	4
Total other comprehensive income	505	402
Comprehensive income	2,371	1,900
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,371	1,900

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,358	3,711	28,193	(1,298)	33,965
Changes during period					
Dividends of surplus			(483)		(483)
Profit attributable to owners of parent			1,866		1,866
Purchase of treasury shares				(211)	(211)
Cancellation of treasury shares			(922)	922	–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	460	710	1,171
Balance at end of period	3,358	3,711	28,654	(587)	35,136

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	759	74	(64)	769	34,735
Changes during period					
Dividends of surplus					(483)
Profit attributable to owners of parent					1,866
Purchase of treasury shares					(211)
Cancellation of treasury shares					–
Net changes in items other than shareholders' equity	442	19	44	505	505
Total changes during period	442	19	44	505	1,676
Balance at end of period	1,202	93	(20)	1,275	36,412

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,358	3,711	28,654	(587)	35,136
Changes during period					
Dividends of surplus			(502)		(502)
Profit attributable to owners of parent			1,498		1,498
Purchase of treasury shares				(199)	(199)
Disposal of treasury shares				21	21
Transfer from retained earnings to capital surplus			(0)		(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	995	(178)	816
Balance at end of period	3,358	3,711	29,649	(766)	35,953

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,202	93	(20)	1,275	36,412
Changes during period					
Dividends of surplus					(502)
Profit attributable to owners of parent					1,498
Purchase of treasury shares					(199)
Disposal of treasury shares					21
Transfer from retained earnings to capital surplus					(0)
Net changes in items other than shareholders' equity	194	202	4	402	402
Total changes during period	194	202	4	402	1,218
Balance at end of period	1,396	296	(15)	1,677	37,630

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,740	2,267
Depreciation	687	618
Amortization of goodwill	39	39
Insurance claim income	(64)	–
Increase (decrease) in provision for bonuses	51	6
Increase (decrease) in provision for bonuses for directors (and other officers)	(14)	(25)
Increase (decrease) in retirement benefit liability	(41)	(115)
Share-based payment expenses	–	20
Interest and dividend income	(92)	(122)
Foreign exchange losses (gains)	(22)	(5)
Loss (gain) on cancellation of insurance policies	26	(1)
Loss (gain) on sale of investment securities	0	0
Loss (gain) on sale of membership	–	(1)
Decrease (increase) in trade receivables	(760)	(447)
Decrease (increase) in inventories	559	(722)
Decrease (increase) in accounts receivable - other	(261)	7
Increase (decrease) in trade payables	670	868
Increase (decrease) in accrued consumption taxes	423	(527)
Other, net	54	(63)
Subtotal	3,996	1,797
Interest and dividends received	85	117
Proceeds from insurance income	64	–
Payments associated with disaster loss	(32)	–
Interest paid	–	(0)
Income taxes paid	(880)	(853)
Net cash provided by (used in) operating activities	3,233	1,061

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(271)	(339)
Proceeds from withdrawal of time deposits	222	308
Proceeds from redemption of securities	100	150
Purchase of investment securities	(602)	–
Proceeds from sale of investment securities	51	125
Purchase of property, plant and equipment	(561)	(308)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(0)	(111)
Proceeds from sale of membership	–	6
Repayments of insurance funds contract	(185)	(184)
Proceeds from cancellation of insurance funds	115	135
Proceeds from maturity of insurance funds	–	10
Long-term loan advances	–	(2)
Proceeds from collection of long-term loans receivable	1	2
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(147)	–
Other, net	(0)	–
Net cash provided by (used in) investing activities	(1,278)	(207)
Cash flows from financing activities		
Repayments of lease liabilities	(5)	(5)
Dividends paid	(482)	(503)
Purchase of treasury shares	(211)	(199)
Net cash provided by (used in) financing activities	(700)	(708)
Effect of exchange rate change on cash and cash equivalents	23	52
Net increase (decrease) in cash and cash equivalents	1,278	197
Cash and cash equivalents at beginning of period	12,069	13,348
Cash and cash equivalents at end of period	13,348	13,546